
SENATE BILL 5805

State of Washington

60th Legislature

2007 Regular Session

By Senators Hatfield, Zarelli, Rasmussen, Swecker, Shin and Hargrove

Read first time 02/01/2007. Referred to Committee on Agriculture & Rural Economic Development.

1 AN ACT Relating to the sales and use taxation of grain elevators;
2 amending RCW 82.08.820, 82.08.820, 82.08.820, 82.12.820, 82.12.820, and
3 82.12.820; providing effective dates; providing expiration dates; and
4 declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 82.08.820 and 2006 c 354 s 10 are each amended to read
7 as follows:

8 (1) Wholesalers or third-party warehouseers who own or operate
9 warehouses or grain elevators and retailers who own or operate
10 distribution centers, and who have paid the tax levied by RCW 82.08.020
11 on:

12 (a) Material-handling and racking equipment, and labor and services
13 rendered in respect to installing, repairing, cleaning, altering, or
14 improving the equipment; or

15 (b) Construction of a warehouse or grain elevator, including
16 materials, and including service and labor costs,
17 are eligible for an exemption in the form of a remittance. The amount
18 of the remittance is computed under subsection (3) of this section and
19 is based on the state share of sales tax.

1 (2) For purposes of this section and RCW 82.12.820:

2 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

3 (b) "Construction" means the actual construction of a warehouse or
4 grain elevator that did not exist before the construction began.
5 "Construction" includes expansion if the expansion adds at least two
6 hundred thousand square feet of additional space to an existing
7 warehouse or additional storage capacity of at least one million
8 bushels to an existing grain elevator. "Construction" does not include
9 renovation, remodeling, or repair;

10 (c) "Department" means the department of revenue;

11 (d) "Distribution center" means a warehouse that is used
12 exclusively by a retailer solely for the storage and distribution of
13 finished goods to retail outlets of the retailer. "Distribution
14 center" does not include a warehouse at which retail sales occur;

15 (e) "Finished goods" means tangible personal property intended for
16 sale by a retailer or wholesaler. "Finished goods" does not include
17 agricultural products stored by wholesalers, third-party warehouses, or
18 retailers if the storage takes place on the land of the person who
19 produced the agricultural product. "Finished goods" does not include
20 logs, minerals, petroleum, gas, or other extracted products stored as
21 raw materials or in bulk;

22 (f) "Grain elevator" means a functionally integrated complex
23 consisting of one or more structures used ((for storage and handling
24 of)) to convey, store, or handle grain in bulk including, but not
25 limited to: Storage silos, tanks, bins, conditioning equipment used to
26 maintain the quality of stored grain, and other structures,
27 improvements, or equipment used to receive, convey, or discharge grain
28 via means of waterborne, rail, highway, or intermodal transport;

29 (g) "Material-handling equipment and racking equipment" means
30 equipment in a warehouse ((~~or grain elevator~~)) that is primarily used
31 to handle, store, organize, convey, package, or repackage finished
32 goods. The term includes tangible personal property with a useful life
33 of one year or more that becomes an ingredient or component of the
34 equipment, including repair and replacement parts. The term does not
35 include equipment in offices, lunchrooms, restrooms, and other like
36 space, within a warehouse ((~~or grain elevator~~)), or equipment used for
37 nonwarehousing purposes. "Material-handling equipment" includes but is
38 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-

1 place units, cranes, hoists, mechanical arms, and robots; mechanized
2 systems, including containers that are an integral part of the system,
3 whose purpose is to lift or move tangible personal property; and
4 automated handling, storage, and retrieval systems, including computers
5 that control them, whose purpose is to lift or move tangible personal
6 property; and forklifts and other off-the-road vehicles that are used
7 to lift or move tangible personal property and that cannot be operated
8 legally on roads and streets. "Racking equipment" includes, but is not
9 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
10 pallets, and other containers and storage devices that form a necessary
11 part of the storage system;

12 (h) "Person" has the meaning given in RCW 82.04.030;

13 (i) "Retailer" means a person who makes "sales at retail" as
14 defined in chapter 82.04 RCW of tangible personal property;

15 (j) "Square footage" means the product of the two horizontal
16 dimensions of each floor of a specific warehouse. The entire footprint
17 of the warehouse shall be measured in calculating the square footage,
18 including space that juts out from the building profile such as loading
19 docks. "Square footage" does not mean the aggregate of the square
20 footage of more than one warehouse at a location or the aggregate of
21 the square footage of warehouses at more than one location;

22 (k) "Third-party warehouser" means a person taxable under RCW
23 82.04.280(4);

24 (l) "Warehouse" means an enclosed building or structure in which
25 finished goods are stored. A warehouse building or structure may have
26 more than one storage room and more than one floor. Office space,
27 lunchrooms, restrooms, and other space within the warehouse and
28 necessary for the operation of the warehouse are considered part of the
29 warehouse as are loading docks and other such space attached to the
30 building and used for handling of finished goods. Landscaping and
31 parking lots are not considered part of the warehouse. A storage yard
32 is not a warehouse, nor is a building in which manufacturing takes
33 place; and

34 (m) "Wholesaler" means a person who makes "sales at wholesale" as
35 defined in chapter 82.04 RCW of tangible personal property, but
36 "wholesaler" does not include a person who makes sales exempt under RCW
37 82.04.330.

1 (3)(a) A person claiming an exemption from state tax in the form of
2 a remittance under this section must pay the tax imposed by RCW
3 82.08.020. The buyer may then apply to the department for remittance
4 of all or part of the tax paid under RCW 82.08.020. For grain
5 elevators with bushel capacity of one million but less than two
6 million, the remittance is equal to fifty percent of the amount of tax
7 paid. For grain elevators with a bushel capacity of two million or
8 more, the remittance is equal to one hundred percent of the amount of
9 tax paid. For warehouses with square footage of two hundred thousand
10 or more (~~and for grain elevators with bushel capacity of two million~~
11 ~~or more~~)), the remittance is equal to one hundred percent of the amount
12 of tax paid for qualifying construction, materials, service, and labor,
13 and fifty percent of the amount of tax paid for qualifying material-
14 handling equipment and racking equipment, and labor and services
15 rendered in respect to installing, repairing, cleaning, altering, or
16 improving the equipment.

17 (b) The department shall determine eligibility under this section
18 based on information provided by the buyer and through audit and other
19 administrative records. The buyer shall on a quarterly basis submit an
20 information sheet, in a form and manner as required by the department
21 by rule, specifying the amount of exempted tax claimed and the
22 qualifying purchases or acquisitions for which the exemption is
23 claimed. The buyer shall retain, in adequate detail to enable the
24 department to determine whether the equipment or construction meets the
25 criteria under this section: Invoices; proof of tax paid; documents
26 describing the material-handling equipment and racking equipment;
27 location and size of warehouses and grain elevators; and construction
28 invoices and documents.

29 (c) The department shall on a quarterly basis remit exempted
30 amounts to qualifying persons who submitted applications during the
31 previous quarter.

32 (4) Warehouses, grain elevators, and material-handling equipment
33 and racking equipment for which an exemption, credit, or deferral has
34 been or is being received under chapter 82.60, 82.62, or 82.63 RCW or
35 RCW 82.08.02565 or 82.12.02565 are not eligible for any remittance
36 under this section. Warehouses and grain elevators upon which
37 construction was initiated before May 20, 1997, are not eligible for a
38 remittance under this section.

1 (5) The lessor or owner of a warehouse or grain elevator is not
2 eligible for a remittance under this section unless the underlying
3 ownership of the warehouse or grain elevator and the material-handling
4 equipment and racking equipment vests exclusively in the same person,
5 or unless the lessor by written contract agrees to pass the economic
6 benefit of the remittance to the lessee in the form of reduced rent
7 payments.

8 **Sec. 2.** RCW 82.08.820 and 2006 c 354 s 11 are each amended to read
9 as follows:

10 (1) Wholesalers or third-party warehouse owners who own or operate
11 warehouses or grain elevators and retailers who own or operate
12 distribution centers, and who have paid the tax levied by RCW 82.08.020
13 on:

14 (a) Material-handling and racking equipment, and labor and services
15 rendered in respect to installing, repairing, cleaning, altering, or
16 improving the equipment; or

17 (b) Construction of a warehouse or grain elevator, including
18 materials, and including service and labor costs,
19 are eligible for an exemption in the form of a remittance. The amount
20 of the remittance is computed under subsection (3) of this section and
21 is based on the state share of sales tax.

22 (2) For purposes of this section and RCW 82.12.820:

23 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

24 (b) "Cold storage warehouse" has the meaning provided in RCW
25 82.74.010;

26 (c) "Construction" means the actual construction of a warehouse or
27 grain elevator that did not exist before the construction began.
28 "Construction" includes expansion if the expansion adds at least
29 twenty-five thousand square feet of additional space to an existing
30 cold storage warehouse, at least two hundred thousand square feet of
31 additional space to an existing warehouse other than a cold storage
32 warehouse, or additional storage capacity of at least one million
33 bushels to an existing grain elevator. "Construction" does not include
34 renovation, remodeling, or repair;

35 (d) "Department" means the department of revenue;

36 (e) "Distribution center" means a warehouse that is used

1 exclusively by a retailer solely for the storage and distribution of
2 finished goods to retail outlets of the retailer. "Distribution
3 center" does not include a warehouse at which retail sales occur;

4 (f) "Finished goods" means tangible personal property intended for
5 sale by a retailer or wholesaler. "Finished goods" does not include
6 agricultural products stored by wholesalers, third-party warehouses, or
7 retailers if the storage takes place on the land of the person who
8 produced the agricultural product. "Finished goods" does not include
9 logs, minerals, petroleum, gas, or other extracted products stored as
10 raw materials or in bulk;

11 (g) "Grain elevator" means a functionally integrated complex
12 consisting of one or more structures used ((for storage and handling
13 of)) to convey, store, or handle grain in bulk including, but not
14 limited to: Storage silos, tanks, bins, conditioning equipment used to
15 maintain the quality of stored grain, and other structures,
16 improvements, or equipment used to receive, convey, or discharge grain
17 via means of waterborne, rail, highway, or intermodal transport;

18 (h) "Material-handling equipment and racking equipment" means
19 equipment in a warehouse ((~~or grain elevator~~)) that is primarily used
20 to handle, store, organize, convey, package, or repackage finished
21 goods. The term includes tangible personal property with a useful life
22 of one year or more that becomes an ingredient or component of the
23 equipment, including repair and replacement parts. The term does not
24 include equipment in offices, lunchrooms, restrooms, and other like
25 space, within a warehouse ((~~or grain elevator~~)), or equipment used for
26 nonwarehousing purposes. "Material-handling equipment" includes but is
27 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
28 place units, cranes, hoists, mechanical arms, and robots; mechanized
29 systems, including containers that are an integral part of the system,
30 whose purpose is to lift or move tangible personal property; and
31 automated handling, storage, and retrieval systems, including computers
32 that control them, whose purpose is to lift or move tangible personal
33 property; and forklifts and other off-the-road vehicles that are used
34 to lift or move tangible personal property and that cannot be operated
35 legally on roads and streets. "Racking equipment" includes, but is not
36 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
37 pallets, and other containers and storage devices that form a necessary
38 part of the storage system;

1 (i) "Person" has the meaning given in RCW 82.04.030;

2 (j) "Retailer" means a person who makes "sales at retail" as
3 defined in chapter 82.04 RCW of tangible personal property;

4 (k) "Square footage" means the product of the two horizontal
5 dimensions of each floor of a specific warehouse. The entire footprint
6 of the warehouse shall be measured in calculating the square footage,
7 including space that juts out from the building profile such as loading
8 docks. "Square footage" does not mean the aggregate of the square
9 footage of more than one warehouse at a location or the aggregate of
10 the square footage of warehouses at more than one location;

11 (l) "Third-party warehouser" means a person taxable under RCW
12 82.04.280(4);

13 (m) "Warehouse" means an enclosed building or structure in which
14 finished goods are stored. A warehouse building or structure may have
15 more than one storage room and more than one floor. Office space,
16 lunchrooms, restrooms, and other space within the warehouse and
17 necessary for the operation of the warehouse are considered part of the
18 warehouse as are loading docks and other such space attached to the
19 building and used for handling of finished goods. Landscaping and
20 parking lots are not considered part of the warehouse. A storage yard
21 is not a warehouse, nor is a building in which manufacturing takes
22 place; and

23 (n) "Wholesaler" means a person who makes "sales at wholesale" as
24 defined in chapter 82.04 RCW of tangible personal property, but
25 "wholesaler" does not include a person who makes sales exempt under RCW
26 82.04.330.

27 (3)(a) A person claiming an exemption from state tax in the form of
28 a remittance under this section must pay the tax imposed by RCW
29 82.08.020. The buyer may then apply to the department for remittance
30 of all or part of the tax paid under RCW 82.08.020. For grain
31 elevators with bushel capacity of one million but less than two
32 million, the remittance is equal to fifty percent of the amount of tax
33 paid. For grain elevators with a bushel capacity of two million or
34 more, the remittance is equal to one hundred percent of the amount of
35 tax paid. For warehouses with square footage of two hundred thousand
36 or more, other than cold storage warehouses, (~~and for grain elevators~~
37 ~~with bushel capacity of two million or more,~~) the remittance is equal
38 to one hundred percent of the amount of tax paid for qualifying

1 construction, materials, service, and labor, and fifty percent of the
2 amount of tax paid for qualifying material-handling equipment and
3 racking equipment, and labor and services rendered in respect to
4 installing, repairing, cleaning, altering, or improving the equipment.
5 For cold storage warehouses with square footage of twenty-five thousand
6 or more, the remittance is equal to one hundred percent of the amount
7 of tax paid for qualifying construction, materials, service, and labor,
8 and one hundred percent of the amount of tax paid for qualifying
9 material-handling equipment and racking equipment, and labor and
10 services rendered in respect to installing, repairing, cleaning,
11 altering, or improving the equipment.

12 (b) The department shall determine eligibility under this section
13 based on information provided by the buyer and through audit and other
14 administrative records. The buyer shall on a quarterly basis submit an
15 information sheet, in a form and manner as required by the department
16 by rule, specifying the amount of exempted tax claimed and the
17 qualifying purchases or acquisitions for which the exemption is
18 claimed. The buyer shall retain, in adequate detail to enable the
19 department to determine whether the equipment or construction meets the
20 criteria under this section: Invoices; proof of tax paid; documents
21 describing the material-handling equipment and racking equipment;
22 location and size of warehouses and grain elevators; and construction
23 invoices and documents.

24 (c) The department shall on a quarterly basis remit exempted
25 amounts to qualifying persons who submitted applications during the
26 previous quarter.

27 (4) Warehouses, grain elevators, and material-handling equipment
28 and racking equipment for which an exemption, credit, or deferral has
29 been or is being received under chapter 82.60, 82.62, or 82.63 RCW or
30 RCW 82.08.02565 or 82.12.02565 are not eligible for any remittance
31 under this section. Warehouses and grain elevators upon which
32 construction was initiated before May 20, 1997, are not eligible for a
33 remittance under this section.

34 (5) The lessor or owner of a warehouse or grain elevator is not
35 eligible for a remittance under this section unless the underlying
36 ownership of the warehouse or grain elevator and the material-handling
37 equipment and racking equipment vests exclusively in the same person,

1 or unless the lessor by written contract agrees to pass the economic
2 benefit of the remittance to the lessee in the form of reduced rent
3 payments.

4 **Sec. 3.** RCW 82.08.820 and 2006 c 354 s 12 are each amended to read
5 as follows:

6 (1) Wholesalers or third-party warehouseers who own or operate
7 warehouses or grain elevators and retailers who own or operate
8 distribution centers, and who have paid the tax levied by RCW 82.08.020
9 on:

10 (a) Material-handling and racking equipment, and labor and services
11 rendered in respect to installing, repairing, cleaning, altering, or
12 improving the equipment; or

13 (b) Construction of a warehouse or grain elevator, including
14 materials, and including service and labor costs,
15 are eligible for an exemption in the form of a remittance. The amount
16 of the remittance is computed under subsection (3) of this section and
17 is based on the state share of sales tax.

18 (2) For purposes of this section and RCW 82.12.820:

19 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

20 (b) "Construction" means the actual construction of a warehouse or
21 grain elevator that did not exist before the construction began.
22 "Construction" includes expansion if the expansion adds at least two
23 hundred thousand square feet of additional space to an existing
24 warehouse or additional storage capacity of at least one million
25 bushels to an existing grain elevator. "Construction" does not include
26 renovation, remodeling, or repair;

27 (c) "Department" means the department of revenue;

28 (d) "Distribution center" means a warehouse that is used
29 exclusively by a retailer solely for the storage and distribution of
30 finished goods to retail outlets of the retailer. "Distribution
31 center" does not include a warehouse at which retail sales occur;

32 (e) "Finished goods" means tangible personal property intended for
33 sale by a retailer or wholesaler. "Finished goods" does not include
34 agricultural products stored by wholesalers, third-party warehouses, or
35 retailers if the storage takes place on the land of the person who
36 produced the agricultural product. "Finished goods" does not include

1 logs, minerals, petroleum, gas, or other extracted products stored as
2 raw materials or in bulk;

3 (f) "Grain elevator" means a functionally integrated complex
4 consisting of one or more structures used ((for storage and handling
5 of)) to convey, store, or handle grain in bulk including, but not
6 limited to: Storage silos, tanks, bins, conditioning equipment used to
7 maintain the quality of stored grain, and other structures,
8 improvements, or equipment used to receive, convey, or discharge grain
9 via means of waterborne, rail, highway, or intermodal transport;

10 (g) "Material-handling equipment and racking equipment" means
11 equipment in a warehouse (~~or grain elevator~~) that is primarily used
12 to handle, store, organize, convey, package, or repackage finished
13 goods. The term includes tangible personal property with a useful life
14 of one year or more that becomes an ingredient or component of the
15 equipment, including repair and replacement parts. The term does not
16 include equipment in offices, lunchrooms, restrooms, and other like
17 space, within a warehouse (~~or grain elevator~~), or equipment used for
18 nonwarehousing purposes. "Material-handling equipment" includes but is
19 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
20 place units, cranes, hoists, mechanical arms, and robots; mechanized
21 systems, including containers that are an integral part of the system,
22 whose purpose is to lift or move tangible personal property; and
23 automated handling, storage, and retrieval systems, including computers
24 that control them, whose purpose is to lift or move tangible personal
25 property; and forklifts and other off-the-road vehicles that are used
26 to lift or move tangible personal property and that cannot be operated
27 legally on roads and streets. "Racking equipment" includes, but is not
28 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
29 pallets, and other containers and storage devices that form a necessary
30 part of the storage system;

31 (h) "Person" has the meaning given in RCW 82.04.030;

32 (i) "Retailer" means a person who makes "sales at retail" as
33 defined in chapter 82.04 RCW of tangible personal property;

34 (j) "Square footage" means the product of the two horizontal
35 dimensions of each floor of a specific warehouse. The entire footprint
36 of the warehouse shall be measured in calculating the square footage,
37 including space that juts out from the building profile such as loading

1 docks. "Square footage" does not mean the aggregate of the square
2 footage of more than one warehouse at a location or the aggregate of
3 the square footage of warehouses at more than one location;

4 (k) "Third-party warehouser" means a person taxable under RCW
5 82.04.280(4);

6 (l) "Warehouse" means an enclosed building or structure in which
7 finished goods are stored. A warehouse building or structure may have
8 more than one storage room and more than one floor. Office space,
9 lunchrooms, restrooms, and other space within the warehouse and
10 necessary for the operation of the warehouse are considered part of the
11 warehouse as are loading docks and other such space attached to the
12 building and used for handling of finished goods. Landscaping and
13 parking lots are not considered part of the warehouse. A storage yard
14 is not a warehouse, nor is a building in which manufacturing takes
15 place; and

16 (m) "Wholesaler" means a person who makes "sales at wholesale" as
17 defined in chapter 82.04 RCW of tangible personal property, but
18 "wholesaler" does not include a person who makes sales exempt under RCW
19 82.04.330.

20 (3)(a) A person claiming an exemption from state tax in the form of
21 a remittance under this section must pay the tax imposed by RCW
22 82.08.020. The buyer may then apply to the department for remittance
23 of all or part of the tax paid under RCW 82.08.020. For grain
24 elevators with bushel capacity of one million but less than two
25 million, the remittance is equal to fifty percent of the amount of tax
26 paid. For grain elevators with a bushel capacity of two million or
27 more, the remittance is equal to one hundred percent of the amount of
28 tax paid. For warehouses with square footage of two hundred thousand
29 or more (~~and for grain elevators with bushel capacity of two million~~
30 ~~or more)), the remittance is equal to one hundred percent of the amount
31 of tax paid for qualifying construction, materials, service, and labor,
32 and fifty percent of the amount of tax paid for qualifying material-
33 handling equipment and racking equipment, and labor and services
34 rendered in respect to installing, repairing, cleaning, altering, or
35 improving the equipment.~~

36 (b) The department shall determine eligibility under this section
37 based on information provided by the buyer and through audit and other
38 administrative records. The buyer shall on a quarterly basis submit an

1 information sheet, in a form and manner as required by the department
2 by rule, specifying the amount of exempted tax claimed and the
3 qualifying purchases or acquisitions for which the exemption is
4 claimed. The buyer shall retain, in adequate detail to enable the
5 department to determine whether the equipment or construction meets the
6 criteria under this section: Invoices; proof of tax paid; documents
7 describing the material-handling equipment and racking equipment;
8 location and size of warehouses and grain elevators; and construction
9 invoices and documents.

10 (c) The department shall on a quarterly basis remit exempted
11 amounts to qualifying persons who submitted applications during the
12 previous quarter.

13 (4) Warehouses, grain elevators, and material-handling equipment
14 and racking equipment for which an exemption, credit, or deferral has
15 been or is being received under chapter 82.60, 82.62, or 82.63 RCW or
16 RCW 82.08.02565 or 82.12.02565 are not eligible for any remittance
17 under this section. Warehouses and grain elevators upon which
18 construction was initiated before May 20, 1997, are not eligible for a
19 remittance under this section.

20 (5) The lessor or owner of a warehouse or grain elevator is not
21 eligible for a remittance under this section unless the underlying
22 ownership of the warehouse or grain elevator and the material-handling
23 equipment and racking equipment vests exclusively in the same person,
24 or unless the lessor by written contract agrees to pass the economic
25 benefit of the remittance to the lessee in the form of reduced rent
26 payments.

27 **Sec. 4.** RCW 82.12.820 and 2003 c 5 s 13 are each amended to read
28 as follows:

29 (1) Wholesalers or third-party warehouse owners who own or operate
30 warehouses or grain elevators, and retailers who own or operate
31 distribution centers, and who have paid the tax levied under RCW
32 82.12.020 on:

33 (a) Material-handling equipment and racking equipment and labor and
34 services rendered in respect to installing, repairing, cleaning,
35 altering, or improving the equipment; or

36 (b) Materials incorporated in the construction of a warehouse or
37 grain elevator, are eligible for an exemption on tax paid in the form

1 of a remittance or credit against tax owed. The amount of the
2 remittance or credit is computed under subsection (2) of this section
3 and is based on the state share of use tax.

4 (2)(a) A person claiming an exemption from state tax in the form of
5 a remittance under this section must pay the tax imposed by RCW
6 82.12.020 to the department. The person may then apply to the
7 department for remittance of all or part of the tax paid under RCW
8 82.12.020. For grain elevators with bushel capacity of one million but
9 less than two million, the remittance is equal to fifty percent of the
10 amount of tax paid. For grain elevators with a bushel capacity of two
11 million or more, the remittance is equal to one hundred percent of the
12 amount of tax paid. For warehouses with square footage of two hundred
13 thousand (~~and for grain elevators with bushel capacity of two million~~
14 ~~or more)), the remittance is equal to one hundred percent of the amount~~
15 of tax paid for qualifying construction materials, and fifty percent of
16 the amount of tax paid for qualifying material-handling equipment and
17 racking equipment.

18 (b) The department shall determine eligibility under this section
19 based on information provided by the buyer and through audit and other
20 administrative records. The buyer shall on a quarterly basis submit an
21 information sheet, in a form and manner as required by the department
22 by rule, specifying the amount of exempted tax claimed and the
23 qualifying purchases or acquisitions for which the exemption is
24 claimed. The buyer shall retain, in adequate detail to enable the
25 department to determine whether the equipment or construction meets the
26 criteria under this section: Invoices; proof of tax paid; documents
27 describing the material-handling equipment and racking equipment;
28 location and size of warehouses, if applicable; and construction
29 invoices and documents.

30 (c) The department shall on a quarterly basis remit or credit
31 exempted amounts to qualifying persons who submitted applications
32 during the previous quarter.

33 (3) Warehouse, grain elevators, and material-handling equipment and
34 racking equipment for which an exemption, credit, or deferral has been
35 or is being received under chapter 82.60, (~~82.617~~) 82.62, or 82.63
36 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
37 remittance under this section. Materials incorporated in warehouses

1 and grain elevators upon which construction was initiated prior to May
2 20, 1997, are not eligible for a remittance under this section.

3 (4) The lessor or owner of the warehouse or grain elevator is not
4 eligible for a remittance or credit under this section unless the
5 underlying ownership of the warehouse or grain elevator and material-
6 handling equipment and racking equipment vests exclusively in the same
7 person, or unless the lessor by written contract agrees to pass the
8 economic benefit of the exemption to the lessee in the form of reduced
9 rent payments.

10 (5) The definitions in RCW 82.08.820 apply to this section.

11 **Sec. 5.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to read
12 as follows:

13 (1) Wholesalers or third-party warehouseurs who own or operate
14 warehouses or grain elevators, and retailers who own or operate
15 distribution centers, and who have paid the tax levied under RCW
16 82.12.020 on:

17 (a) Material-handling equipment and racking equipment and labor and
18 services rendered in respect to installing, repairing, cleaning,
19 altering, or improving the equipment; or

20 (b) Materials incorporated in the construction of a warehouse or
21 grain elevator, are eligible for an exemption on tax paid in the form
22 of a remittance or credit against tax owed. The amount of the
23 remittance or credit is computed under subsection (2) of this section
24 and is based on the state share of use tax.

25 (2)(a) A person claiming an exemption from state tax in the form of
26 a remittance under this section must pay the tax imposed by RCW
27 82.12.020 to the department. The person may then apply to the
28 department for remittance of all or part of the tax paid under RCW
29 82.12.020. For grain elevators with bushel capacity of one million but
30 less than two million, the remittance is equal to fifty percent of the
31 amount of tax paid. For grain elevators with a bushel capacity of two
32 million or more, the remittance is equal to one hundred percent of the
33 amount of tax paid. For warehouses with square footage of two hundred
34 thousand or more, other than cold storage warehouses, (~~and for grain~~
35 ~~elevators with bushel capacity of two million or more,~~) the remittance
36 is equal to one hundred percent of the amount of tax paid for
37 qualifying construction materials, and fifty percent of the amount of

1 tax paid for qualifying material-handling equipment and racking
2 equipment. For cold storage warehouses with square footage of twenty-
3 five thousand or more, the remittance is equal to one hundred percent
4 of the amount of tax paid for qualifying construction, materials,
5 service, and labor, and one hundred percent of the amount of tax paid
6 for qualifying material-handling equipment and racking equipment, and
7 labor and services rendered in respect to installing, repairing,
8 cleaning, altering, or improving the equipment.

9 (b) The department shall determine eligibility under this section
10 based on information provided by the buyer and through audit and other
11 administrative records. The buyer shall on a quarterly basis submit an
12 information sheet, in a form and manner as required by the department
13 by rule, specifying the amount of exempted tax claimed and the
14 qualifying purchases or acquisitions for which the exemption is
15 claimed. The buyer shall retain, in adequate detail to enable the
16 department to determine whether the equipment or construction meets the
17 criteria under this section: Invoices; proof of tax paid; documents
18 describing the material-handling equipment and racking equipment;
19 location and size of warehouses, if applicable; and construction
20 invoices and documents.

21 (c) The department shall on a quarterly basis remit or credit
22 exempted amounts to qualifying persons who submitted applications
23 during the previous quarter.

24 (3) Warehouse, grain elevators, and material-handling equipment and
25 racking equipment for which an exemption, credit, or deferral has been
26 or is being received under chapter 82.60, (~~(82.617)~~) 82.62, or 82.63
27 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
28 remittance under this section. Materials incorporated in warehouses
29 and grain elevators upon which construction was initiated prior to May
30 20, 1997, are not eligible for a remittance under this section.

31 (4) The lessor or owner of the warehouse or grain elevator is not
32 eligible for a remittance or credit under this section unless the
33 underlying ownership of the warehouse or grain elevator and material-
34 handling equipment and racking equipment vests exclusively in the same
35 person, or unless the lessor by written contract agrees to pass the
36 economic benefit of the exemption to the lessee in the form of reduced
37 rent payments.

38 (5) The definitions in RCW 82.08.820 apply to this section.

1 **Sec. 6.** RCW 82.12.820 and 2006 c 354 s 13 are each amended to read
2 as follows:

3 (1) Wholesalers or third-party warehouseurs who own or operate
4 warehouses or grain elevators, and retailers who own or operate
5 distribution centers, and who have paid the tax levied under RCW
6 82.12.020 on:

7 (a) Material-handling equipment and racking equipment and labor and
8 services rendered in respect to installing, repairing, cleaning,
9 altering, or improving the equipment; or

10 (b) Materials incorporated in the construction of a warehouse or
11 grain elevator, are eligible for an exemption on tax paid in the form
12 of a remittance or credit against tax owed. The amount of the
13 remittance or credit is computed under subsection (2) of this section
14 and is based on the state share of use tax.

15 (2)(a) A person claiming an exemption from state tax in the form of
16 a remittance under this section must pay the tax imposed by RCW
17 82.12.020 to the department. The person may then apply to the
18 department for remittance of all or part of the tax paid under RCW
19 82.12.020. For grain elevators with bushel capacity of one million but
20 less than two million, the remittance is equal to fifty percent of the
21 amount of tax paid. For grain elevators with a bushel capacity of two
22 million or more, the remittance is equal to one hundred percent of the
23 amount of tax paid. For warehouses with square footage of two hundred
24 thousand or more (~~(and for grain elevators with bushel capacity of two~~
25 ~~million or more)), the remittance is equal to one hundred percent of~~
26 the amount of tax paid for qualifying construction materials, and fifty
27 percent of the amount of tax paid for qualifying material-handling
28 equipment and racking equipment.

29 (b) The department shall determine eligibility under this section
30 based on information provided by the buyer and through audit and other
31 administrative records. The buyer shall on a quarterly basis submit an
32 information sheet, in a form and manner as required by the department
33 by rule, specifying the amount of exempted tax claimed and the
34 qualifying purchases or acquisitions for which the exemption is
35 claimed. The buyer shall retain, in adequate detail to enable the
36 department to determine whether the equipment or construction meets the
37 criteria under this section: Invoices; proof of tax paid; documents

1 describing the material-handling equipment and racking equipment;
2 location and size of warehouses, if applicable; and construction
3 invoices and documents.

4 (c) The department shall on a quarterly basis remit or credit
5 exempted amounts to qualifying persons who submitted applications
6 during the previous quarter.

7 (3) Warehouse, grain elevators, and material-handling equipment and
8 racking equipment for which an exemption, credit, or deferral has been
9 or is being received under chapter 82.60, 82.62, or 82.63 RCW or RCW
10 82.08.02565 or 82.12.02565 are not eligible for any remittance under
11 this section. Materials incorporated in warehouses and grain elevators
12 upon which construction was initiated prior to May 20, 1997, are not
13 eligible for a remittance under this section.

14 (4) The lessor or owner of the warehouse or grain elevator is not
15 eligible for a remittance or credit under this section unless the
16 underlying ownership of the warehouse or grain elevator and material-
17 handling equipment and racking equipment vests exclusively in the same
18 person, or unless the lessor by written contract agrees to pass the
19 economic benefit of the exemption to the lessee in the form of reduced
20 rent payments.

21 (5) The definitions in RCW 82.08.820 apply to this section.

22 NEW SECTION. **Sec. 7.** Sections 1 and 4 of this act are necessary
23 for the immediate preservation of the public peace, health, or safety,
24 or support of the state government and its existing public
25 institutions, and take effect immediately.

26 NEW SECTION. **Sec. 8.** Sections 2 and 5 of this act are necessary
27 for the immediate preservation of the public peace, health, or safety,
28 or support of the state government and its existing public
29 institutions, and take effect July 1, 2007.

30 NEW SECTION. **Sec. 9.** Sections 3 and 6 of this act take effect
31 July 1, 2012.

32 NEW SECTION. **Sec. 10.** Sections 1 and 4 of this act expire July 1,
33 2007.

1 NEW SECTION. **Sec. 11.** Sections 2 and 5 of this act expire July 1,
2 2012.

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